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MEMORANDUM

Date: 25 June 2003

From: Stephen R. Koontz

Re: Comments regarding GIPSA Livestock and Meat Marketing Study –
Federal Register Vol. 68, No. 104, Friday, May 30, 2003

I am writing to communicate comments regarding the announced Livestock and Meat Marketing Study. I would like to communicate that I would like to be involved in the proposal review process and that I intend – with a group of other agricultural economists – to submit a proposal or be part of a larger proposal. The remainder of my comments are specifically about the proposed research. The writing in the Federal Register does a good job of outlining the issues and needs. There is no need to comment further on these topics. However, there are a number of points which need to be considered.

First, funded research needs to deliver quantitative results related to economic welfare of the participants in the livestock and meat system. There is much discussion in the Federal Register of motives and qualitative issues. An understanding of qualitative issues are important but are not sufficient as a base upon which to build public policy. Further, even a quantitative supply chain management study is not sufficient. The study will be a failure unless the answers to economic welfare questions are measured. Market power must be measured. Cost economies must be measured. Legislators are considering policy actions that will change market structure and institutions. Cost-benefit ratios related to these potential changes must be presented for each sector in the system from producers to consumers. Current livestock and meat markets are in a situation of nothing but second-best choices. Government action should be focused in areas where the “bads” out-weigh the “goods” and the proposed research needs to specifically answer these public policy questions.

Second, the discussion in the Federal Register makes it sound like there will be one large study that provides the comprehensive answer. I do not think this will be possible. This is something that we have learned from past research and it is a conclusion in the literature. Multiple studies will be needed where each focuses on specific objectives. Once the individual projects are completed there needs to be an effort to put the parts into an overall context. It would be useful for some level of replication across projects. Do different researchers come to the same conclusion when looking at the same question with different data and different methods? This

replication should be planned and included in the review process and in allocating the available budget. There continues to be a need for a comprehensive literature review. There also needs to be a process akin to the scientific process whereby the research is evaluated. Good science is a must to addressing the problems. This was something that was done in a fairly ad hoc way following the 1996 study – it should be more formal and scientific in the current study.

Third, the research needs to provide policy recommendations. The individual projects need to provide policy recommendations and overall assessment needs to provide policy recommendations. Within this context, research methods must be used which explore alternative policies or are relevant for comparing policy alternatives. Further, the communication, education, and public policy process following the study needs to be mapped. There needs to be a communication effort to make sure that the findings and the recommendations of the study are not ignored and are not discounted. The study will address contentious issues. Simply doing the study will not eliminate the contention. A solid scientific and education process will help.

Last, I have heard indirectly a number of very troublesome statements attributed to government personnel with respect to the integrity of Land Grant University economists – that we are unscientific and unethical. If the accusations are true then the behavior has no place in research. If the accusations are not true then the comments have no place in public service. It is not my intent to propagate hearsay but this is an addressable issue and it should be addressed publicly if there is the perception that it will impact the proposal evaluation process. There is an easy two-part solution. First, proposals need to be evaluated in part on the scientific track-record of the participants. Have the participants conducted research in the past on these issues and published that research in peer-reviewed journals? Such a record is really the only way to establish the credentials of those submitting proposals. Popularity is not important. Are the researchers who propose to do this important work good scientists? Second, require financial disclosure of the proposal participants. Do the participants have substantial financial connections with the livestock and meat industry? What's good for Wall Street – separating research from financial reward – should be good for the GIPSA study too. I would welcome the opportunity to be evaluated against both of these objective criteria.